

Weekly Economic Review

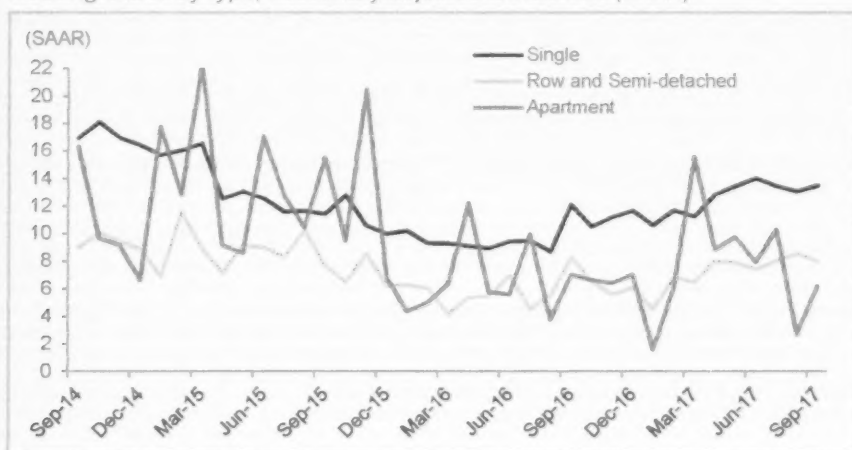
Housing starts remain firm

Housing Starts

Strength in singles support housing starts

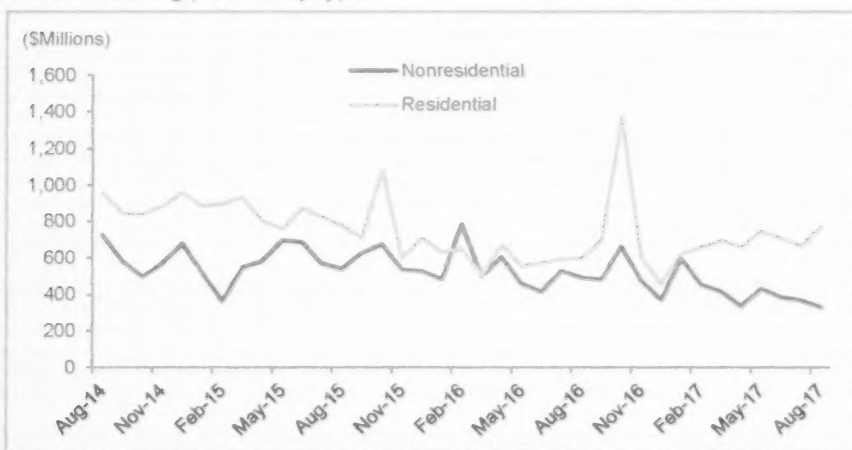
Following a dip in August, housing starts gained some momentum in September. Housing starts increased 12.7% month-over-month (m/m) to an annual rate of 29,768 units. The monthly gain was led by continued strength in singles and

Chart 1: Continuing strength in singles
Housing Starts by type, seasonally adjusted annual rate (SAAR)



Source: Statistics Canada

Chart 2: Residential permits strengthen while non-residential slides
Value of building permits, by type



Source: Statistics Canada

a rebound in apartment starts from a seven month low in August (Chart 1). Year-to-date (YTD), housing starts were up 21.6% led by significant gains in singles (+32.7% YTD) and supported by multi-units (+19.6% YTD). The gains have been concentrated in Edmonton, Calgary, and Fort McMurray while starts in the rest of Alberta remain weak.

Building Permits

Residential permits strengthen

Construction intentions in Alberta rebounded in August. The value of building permits rose 6.2% m/m to \$1.1 billion. The monthly gain was led by residential permits, which jumped to a ten-month high (Chart 2) as both Calgary and Edmonton experienced double-digit gains. In contrast, non-residential permits fell to a six-year low as continued weakness in industrial permits and lower institutional and governmental permits overwhelmed a substantial gain in commercial permits. Year-to-date, building permits are down 2.3% as weakness in non-residential (-22.1% YTD) intentions outweighs growing strength in residential (+15.4% YTD) intentions.

New Housing Price Index

New home prices steady

The price of new homes in Alberta remains stable, according to the new housing price index (NHPI). The NHPI increased slightly (+0.1% year-over-year or y/y) in August. While land prices continue to edge higher (+0.4% y/y), the house-only component remains weak (-0.1% y/y). Regionally, land prices increased modestly in both Edmonton and Calgary. The house-only component continued to fall in Edmonton (-0.4% y/y) while they have begun to recover in Calgary (+0.3% y/y).

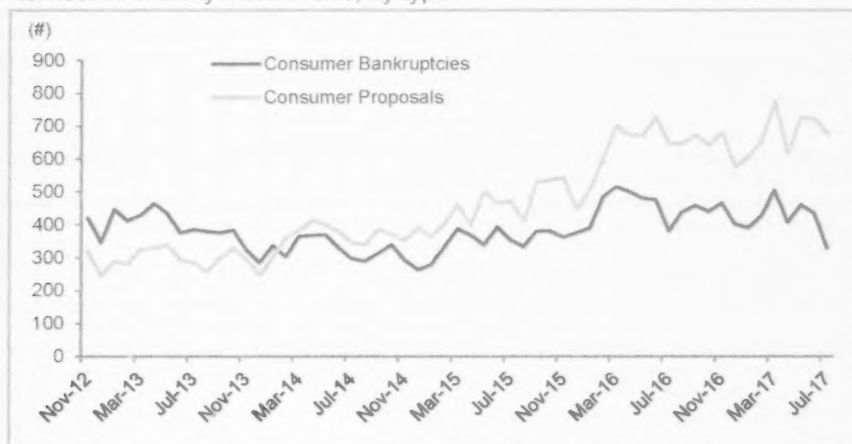
Consumer insolvencies

Consumer bankruptcies coming down

The number of Alberta consumers filing for bankruptcies continues to decline. On an unadjusted basis, 328 Albertans filed for bankruptcies in July, 13.9% fewer than the same month a year ago and the fewest since January 2015. While the number of consumer bankruptcies has continued to recede from 2016 levels,

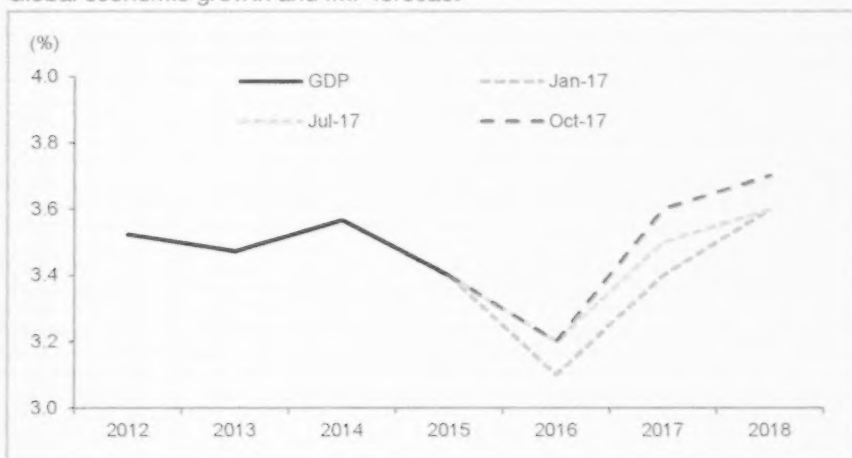
the number of consumer proposals has remained elevated. In July, 676 Albertans submitted a consumer proposal, 46 fewer than in June but 4.8% more than a year ago.

Chart 3: Bankruptcies recede while proposals remain elevated
Number of monthly insolvencies, by type



Source: Industry Canada

Chart 4: Global economic outlook improves
Global economic growth and IMF forecast



Source: International Monetary Fund (IMF)

US Employment

Hurricanes impact employment

After seven years of monthly gains, US employment declined in September as hurricanes Irma and Harvey resulted in temporary business closures. US non-farm employment, which measures the number of people receiving pay, fell by 33,000 in September. Employment in the leisure and hospitality industry (-111,000) experienced the greatest impact from the temporary closures. Despite the monthly decrease in payroll employment, the unemployment rate ticked down 0.2 percentage points to a 16-year low of 4.2%.

World Economic Outlook

Global outlook brightens

The International Monetary Fund (IMF) revised global growth projections upwards for 2017 and 2018. The IMF increased both the 2017 and 2018 global growth forecast by 0.1 percentage points to 3.6% and 3.7%, respectively. The uptick in global growth projections is being fuelled by increases in investment, trade, and industrial production along with higher business and consumer confidence. Stronger than expected growth in the first half of 2017 led to upward revisions in growth for the Euro area, East Asia, emerging economies in Europe, Russia and Canada. Conversely, the growth forecasts for the U.S., U.K., and India have moderated this year. The IMF now expects the Canadian economy to grow by 3.0% in 2017, up significantly from the 2.5% projection made in July 2017, before slowing to 2.1% in 2018.

Contact

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Please see the [Alberta Economy - Indicators at a Glance](#) for a snapshot of Alberta indicators.